

## ABSTRACT

Methods and apparatus for conducting a sealed bid auction. For lowest winning bid auctions, a winning pool is created by determining the lowest bids and increasing these bids to the second lowest values. The second lowest bids and the increased lowest bid form the winning pool. A single winner is then chosen from this winning pool. This method is applied in an online sealed bid auction system for bidding on contracts. A server receives a contract up for bid and posts the details of the contract to potential bidders. Bidders then post bids for the contract along with their online profile. At the end of the bidding period the lowest bids are increased to the second lowest bid to form the winning pool. The entity that puts the contract up for bids is given the amount of the second lowest bid and the profiles of the bidders in the winning pool. Based on the profile or on a randomly generated decision, one of the bidders is chosen.